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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 24, 2009

Certified Return Receipt
7003 2260 0002 0247 9031

John Holfert
Utah Mineral and Fossil, Inc.
84 East 1100 North
Bountiful, Utah 84010

Subject: Deficient Reclamation Surety, Utah Minerals and Fossil, RB 1 & 2, S/023/0062, Juab County, Utah

Dear Mr. Holfert:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the RB 1 & 2 mine. This surety was due for review on April 5, 2007. Your current reclamation surety is \$1000 which the BLM is holding in the form of cash. The Division has recalculated the surety based on your permitted area of one acre to be:

\$7400 escalated for 3 years (surety amount next reviewed in 2012) OR
\$7600 escalated for 5 years (surety amount next reviewed in 2014)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

| Project Size (Acres) | Surety 3 & 5 year escalation | Comments |
|--------------------------------|--|--|
| 1 or less acres | \$7,400 (3-year escalation) \$7,600 (5-year escalation) | Minimum amount required |
| Additional acres up to 5 acres | \$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation) | Partial acreages rounded up (e.g., 1.2 acres = 2 acres) |
| Cumulative Amount for 5-acres | (i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation) | \$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance. |



John Holfert
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

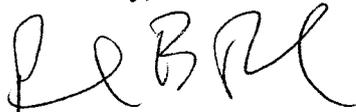
\$6400 for 3-year escalation OR
\$6600 for 5-year escalation

The additional surety needs to be received no later than February 15, 2009. Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov.

In addition, the permit fees are delinquent for 2006, 2007, 2008 and 2009. The total amount due is \$600 (\$150 for each year). Approval to mine is suspended until the permit fees are paid and you are subject to a cessation order if you mine while approval is suspended. Please remit the payment to the address shown on this letter.

If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263. Thank you in advance for your cooperation.

Sincerely,



Paul Baker
Minerals Program Manager

PBB:jr:pb

cc: jerry_Mansfield@blm.gov

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